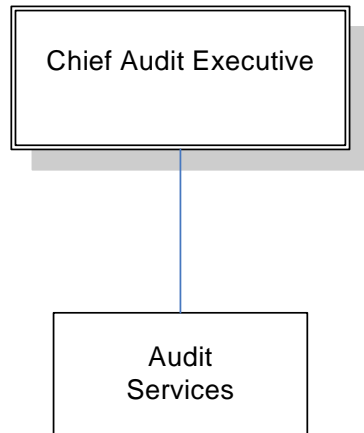




Office of Internal Audit



INTERNAL AUDITOR

Department Mission

The Office of Internal Audit provides independent, objective assurance and consulting activities that assist both policy makers and program managers in providing high-quality services in a manner that is accountable, efficient, and effective. Internal Audit is an integral part of corporate governance.

Programs and Services

The Office of Internal Audit provides Internal Auditing Services for Metro Louisville Government. This includes 1) Assurance Services reviewing operations, policies, and procedures to ensure that the appropriate control structure is in place and that business risks are considered, 2) Consulting Services for requestors to help address specific issues and concerns, 3) Information Technology Auditing Services to help ensure that electronic information is processed as intended, data integrity is maintained, and the control structure is effective and 4) Integrity Services involving the investigation of allegations of employee misconduct or non-violent criminal acts involving Metro Government resources.

INTERNAL AUDITOR

Goals & Indicators

The Office of Internal Audit conducts audits of all Metro departments, agencies, and other appropriations awarded through either contracts or grants to review the systems of internal controls and related financial and operational policies in order to provide reasonable assurance regarding:

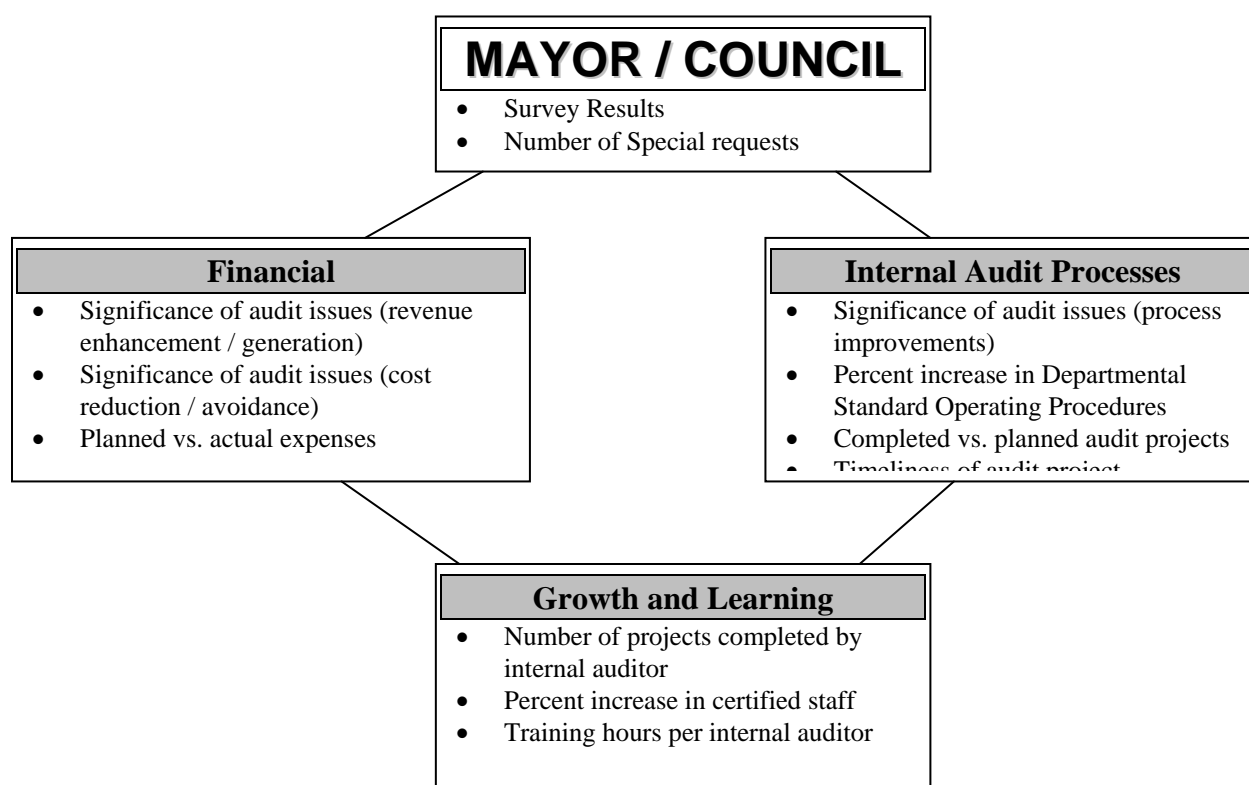
- ✓ Accomplishment of business objectives and goals;
- ✓ Effectiveness and efficiency of operations and programs;
- ✓ Reliability of financial information;
- ✓ Compliance with applicable laws and regulations;
- ✓ Safeguarding of assets.

The Louisville Metro Office of Internal Audit focuses activities on an audit plan. The plan is developed using a risk-based methodology that incorporates the Committee of Sponsoring Organizations framework, which is the model used in the internal audit profession. By using this approach, resources are focused on helping ensure Louisville Metro Government is achieving its objectives.

Performance Measures. It is difficult to effectively measure performance in the internal audit profession. The passive nature of the work does not lend itself to quantifiable measures that are truly indicative of performance. This is due to that fact that a significant portion of internal audit's value comes through intangibles. For example, audits are performed to provide assurance that controls are adequate, to provide pre-implementation reviews of new systems, and to provide consulting and advice to clients. The value of these activities is extremely difficult to quantify since internal auditing alone does not produce benefits. These come from management's commitment to implement audit recommendations in a quality manner.

Balanced Scorecard. Given the limitations of performance measures in internal auditing, the Office of Internal Audit has been working with Louisville Metro's Organizational Performance Administrator to implement a Balanced Scorecard (BSC) framework. The BSC focuses on providing value-added internal auditing services. As illustrated in the following, the BSC consists of four separate, but equally important, components. The performance measures for each component are also noted.

Balanced Scorecard Framework



It is important to note that the BSC is still being implemented. Several issues with actual performance measure techniques still need to be addressed. Some of these may require additional resources in order to adequately capture the performance data. The Office of Internal Audit will continue working with Louisville Metro's Organizational Performance Administrator to address the issues and implement the BSC framework to the extent feasible.

Internal Auditor**Budget Summary**

	Prior Year Actual 2004-2005	Original Budget 2005-2006	Revised Budget 2005-2006	Mayor's Recommended 2006-2007	Council Approved 2006-2007
General Fund Appropriation	560,600	676,500	676,500	707,200	707,200
Total Revenue:	560,600	676,500	676,500	707,200	707,200
Personal Services	513,900	605,300	605,300	614,400	614,400
Contractual Services	37,900	45,700	50,300	64,300	64,300
Supplies	4,700	5,000	5,800	5,800	5,800
Equipment/Capital Outlay	2,900	4,000	4,000	4,000	4,000
Interdepartment Charges	1,200	16,500	11,100	18,700	18,700
Total Expenditure:	560,600	676,500	676,500	707,200	707,200
Expenditures By Activity					
Internal Auditor	560,600	676,500	676,500	707,200	707,200
Total Expenditure:	560,600	676,500	676,500	707,200	707,200

		Position Detail	
Internal Auditor			
		Mayor's Recommended FY2006-2007	Council Approved FY2006-2007
Position Allocation (in Full-Time Equivalents)			
Full-Time		8	8
Permanent Part-Time		0	0
Seasonal/Other		0	0
Total Positions		8	8
PROGRAMS			
<i>Internal Auditor</i>			
Full-Time		8	8
Permanent Part-Time		0	0
Seasonal/Other		0	0
Total Positions		8	8
Title			
Director		1	1
Assistant Director		1	1
Internal Audit Manager		1	1
Internal Auditor II		5	5